

Revision of criteria for DPCO

3845. SHRI B.J. PANDA: Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

- (a) whether Government had a proposal to revise the criteria for inclusion of drugs and their formulations under the Drug Price Control Order;
- (b) whether it would be a part of the proposed Drug Policy;
- (c) if so, by when such new Drug Policy is going to be announced; and
- (d) the steps taken in the matter?

THE MINISTER OF CHEMICALS AND FERTILIZERS (SHRI SUKHDEV SINGH DHINDSA): (a) to (d) The Government had constituted a Committee to review the present price control mechanism with a view to reducing the rigours of price control, where they had become counter productive. The Committee has since submitted its report suggesting measures in that direction. Any change in the Drug Policy will take into consideration all relevant factors including the recommendations of the Committee on criteria for inclusion of drugs and their formulations under price control.

Misuse of fertilizer subsidy

3846. SHRI SURESH PACHOURI: Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

- (a) the rationale for providing subsidy on fertilizers;
- (b) whether Government have taken any steps to ensure that subsidy is not misused;
- (c) if so, the details thereof; and
- (d) how Government propose to safeguard the interest of small and marginal farmers?

THE MINISTER OF CHEMICALS AND FERTILIZERS (SHRI SUKHDEV SINGH DHINDSA): (a) Government provides subsidy on urea and concession on decontrolled phosphatic and potassic fertilizers with the objective of making available fertilizers to farmers

at affordable prices and for promoting balanced application of all the three main nutrients *viz.* nitrogen, phosphate and potash.

(b) to (d) Government fixes the Maximum Retail Price (MRP) in case of urea, the only controlled fertilizer and indicates MRPs in case of decontrolled P&K fertilizers. The MRPs of Single Super Phosphates are indicated by respective State Governments. Since MRP/indicative MRPs are less than the cost of production of fertilizers, fertilizer manufacturers are compensated by payment of subsidy/concession as the difference between the normative cost of production plus 12% post tax return on net worth and the MRP/ indicative MRPs. While in the case of decontrolled phosphatic and potassic fertilizers, manufacturers are given concession at uniform rates, but in the case of urea, which is the only controlled fertilizer, payment of subsidy is determined unit-wise under the provisions of Retention Price-cum-Subsidy Scheme (RPS). Based on the cost data duly reconciled with the audited financial accounts and other data/details certified by practising Chartered Cost Accountant, retention prices of urea units are worked out as per laid down principles/parameters approved by the Fertilizer Industry Co-ordination Committee and the Government. All the companies, whether in public or private sector, have to maintain their annual accounts that are audited by the Chartered Accountants. In the case of public sector companies, such accounts are also audited by the Comptroller and Auditor General. Certification by the Chartered Accountant/Cost Accountant of the company is standard form of checking the accounts submitted by the company. Cost data submitted by the urea units subject to various checks like notifications giving the details about the increase/decrease in prices of inputs, supporting invoices and applying the general principles of accounting and arithmetical accuracy. Allocation of cost are cross checked for accuracy and internal consistency from various sources like Annual Balance Sheet and Annual Cost Data.

The fertilizers are sold at uniform MRP and indicative MRPs, as the case may be, to the farmers including small and marginal farmers throughout the country, which are far less than the cost of production of fertilizers. Thus, the benefit is passed on to the

fanners in the form of uniform and subsidised MRPs/indicative MRPs.

Drug price control mechanism

3847. SHRI P. PRABHAKAR REDDY: Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

- (a) whether it is a fact that the Delhi High Court has issued a direction to the Union Government to file an affidavit in the Court about the actions taken by the Government to administer effectively the price control mechanism and enforce uniform price-fixation norms under the Drug (Prices Control) Order, 1995;
- (b) if so, the details thereof;
- (c) whether any affidavit has since been filed, in compliance with the directive of the court; and
- (d) what further action has beeivis proposed to be taken to prevent a burgeoning rise in the prices of medicines?

THE MINISTER OF CHEMICALS AND FERTILIZERS (SHRI SUKHDEV SINGH DHINDSA): (a) to (c) The Delhi High Court had issued a direction to submit an affidavit in relation to the modalities which are taken into consideration in the examination of price fixation and price variation in respect of non-scheduled formulations under para 10 of the Drugs (Prices Control) Order, 1995. As per the direction of the Court, an affidavit has been filed by the National Pharmaceutical Pricing Authority (NPPA), an attached office of the Department of Chemicals and Petrochemicals in the Court in March, 2001.

(d) Fixation of prices of Scheduled drugs and formulations based thereon is an ongoing procesl undertaken in accordance with the provisions of Drugs (Prices Control) Order, 1995. Revision of prices so fixed is also done, as and when called for from time to time, taking into account the changes in input cost resulting in both upward as well as downward revision.